

NOTIFICATION AND CANCELLATION AGREEMENT

This Agreement is entered into this 2nd day, of May, 2002 between Pet Life Foods, Inc., an Illinois corporation, ("Pet Life") and Sergeant's Pet Care Products, Inc., a Nevada Corporation ("Sergeant's").

Background

Pet Life and Sergeant's have entered into a number of agreements including, but not limited to, the Trademark License and Transfer Agreement (the "Trademark Agreement"), numerous purchase orders and cost sharing agreements as to slotting arrangements. Pet Life has requested that Sergeant's pay all current invoices without deduction for defective products and both parties desire to terminate their existing contractual relationships.

NOW THEREFORE, in consideration of the premises and agreements set forth herein, the parties agree as follows:

1. Sergeant's shall wire transfer to LaSalle Business Credit, Inc. for credit to Pet Life the amount of \$353,707.²⁸ which represents the current total of all invoices for products produced by Pet Life and shipped to Sergeant's for the account of Sergeant's, without deduction. Sergeant's waives the defenses and deductions it has with respect to the foregoing invoices in exchange for the consideration set forth in Paragraph 5. In addition Sergeant's shall pay the fair market value of all Sergeant's inventory owned by Pet Life not purchased by World Pet.
2. Sergeant's cancels all purchase orders for product not shipped as of the date hereof and Pet Life acknowledges such orders have been cancelled.
3. Pet Life acknowledges that it is obligated to Sergeant's in a total amount of \$447,446.38. The components of the obligations due from Pet Life to Sergeant's are set forth on Exhibit A attached hereto.
4. The license granted to Pet Life under the Trademark License and Transfer Agreement dated September 1, 2001 is revoked in its entirety and Pet Life shall have no further right to use any of the trademarks identified on Exhibit B attached hereto.
5. In consideration of the payment made pursuant to Paragraph 1 and as an offset to the amount owed by Pet Life to Sergeant's, as set forth in Paragraph 3 hereof and on Exhibit A attached hereto, Pet Life acknowledges that Sergeant's is not obligated to make any further payment to Gaines Pet Foods Corp. pursuant to the Supplier and Royalty Agreement dated November 23, 1999 nor any amounts due to Whitecap, Inc., Gerald Schulman and David Kofsky pursuant to a Sales and Marketing Agreement. The obligation of Sergeant's to make such payment under the Trademark Agreement is offset against the current amounts due to Sergeant's.



6. The No-Offset Letter dated September 1, 2001 shall be deemed of no force or effect and all parties hereto agree to the terms of the offset contained herein.

7. The obligations due to Sergeant's, as described herein, are current and of the same nature as the obligations of Sergeant's to Pet Life and thus, the offset is of current mutual obligations.

8. All notices, demands or other communications of any type (herein collectively referred to as "Notices") whether required by this Agreement or in any way related to the transaction contracted for herein shall be in writing and delivered to the person to whom the Notice is directed, either (i) in person, (ii) by United States Mail, postage prepaid, registered or certified mail with return receipt requested, (iii) delivered by a commercial delivery service, or (iv) delivered by a commercial delivery service, or (v) sent by telex, telecopy or facsimile transmission (provided it is confirmed by commercial delivery service or by mail in the manner provided herein). Notices delivered by mail shall be deemed given and received upon deposit in a post office or other depository under the care or custody of the United States Postal Service, addressed properly, with proper postage affixed. All notices shall be addressed as follows:

If to Pet Life Foods, Inc.

Alan Brown
1601 Elm Street, Suite 300
Dallas, TX 75201

If to Sergeants:

Mr. Bob Scharf
President
Sergeant's Pet Care Products
14748 West Center Road, Suite 303
Omaha, NE 68144-2029
facsimile: 402-938-7099

Either party hereto may change the address for Notice specified above by giving the other party two (2) days' advance written notice of such change of address. Notices given otherwise than by mail shall be deemed given and received upon actual receipt thereof.

9. EXCEPT WHERE FEDERAL LAW IS APPLICABLE OR PREEMPTS STATE LAWS, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. THIS AGREEMENT IS PERFORMABLE IN DALLAS COUNTY, TEXAS, AND VENUE FOR ANY LEGAL ACTION ARISING OUT OF THIS AGREEMENT SHALL BE EXCLUSIVELY IN DALLAS COUNTY, TEXAS.

10. This Agreement embodies the entire Agreement between the parties and supersedes all prior agreements and understandings, if any, relating to the transactions described herein, and may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY

NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL

11. Parties Bound. Subject to the limitations on assignment contained herein, this Agreement shall be binding upon and inure to the benefit of Pet Life and Sergeant's, and their respective successors and assigns.

12. Further Acts. In addition to the acts recited in this Agreement to be performed by Pet Life and Sergeant's, Pet Life and Sergeant's agree to perform or cause to be performed, on or after Closing, any and all such further acts as may be reasonably necessary to consummate the transactions contemplated hereby.

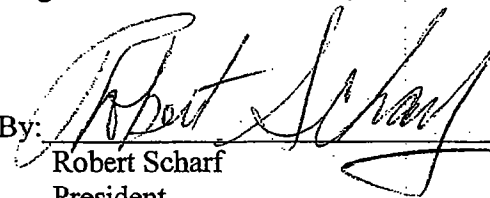
13. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Assignment. This Agreement may not be assigned by either party without the consent of the other.

15. Headings. Headings used in this Agreement are used for reference purposes only and do not constitute substantive material to be considered in construing the terms of this Agreement.

IN WITNESS WHEREOF, all parties have executed this Agreement to be effective for all purposes as of the Effective Date.

Sergeant's Pet Care Products, Inc.

By: 
Robert Scharf
President

Pet Life Foods, Inc.

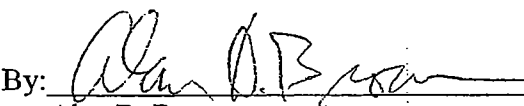
By: 
Alan D. Brown
Chairman of the Board

EXHIBIT A

OBLIGATIONS FROM PET LIFE TO SERGEANT'S

S 000095

Sergeant's Pet Care Products
 Miscellaneous A/R - Pet Life
 0245-00113-7000
 Fiscal Year 2002

Description	Beginning Balance	Debit	Credit	Ending Balance
Crosswind Petfoods for Pet Life	0.00	15,141.40		15,141.40
Crue Pet Life IRI Receivable	0.00	15,000.00		15,000.00
Crue Pet Life Crosswind Receivable	0.00	3,500.00		3,500.00
Crue Pet Life Receivable for M Levin	0.00	21,371.38		21,371.38
Crue Pet Life Receivable for A Shaddy	0.00	1,053.00		1,053.00
Crue Pet Life Receivable for Overweight Fine	0.00	304.60		304.60
Crue Pet Life for Shipping Error	0.00	710.40		710.40
Period 3 - Dec 2001	0.00	57,080.78	0.00	57,080.78
Crosswind Petfoods	15,141.40		(15,141.40)	0.00
Crue Pet Life IRI Receivable	15,000.00		(5,000.00)	10,000.00
Crue Pet Life Crosswind Receivable	3,500.00		(3,500.00)	0.00
Crue Pet Life Receivable for M Levin	21,371.38		(4,426.88)	16,944.50
Crue Pet Life Receivable for A Shaddy	1,053.00			1,053.00
Crue Pet Life Receivable for Overweight Fine	304.60			304.60
Crue Pet Life for Shipping Error	710.40			710.40
Period 4 - Jan 2002	57,080.78	0.00	(28,068.28)	29,012.50
Crue Pet Life IRI Receivable	10,000.00		(5,000.00)	5,000.00
Crue Pet Life Receivable for M Levin	16,944.50			16,944.50
Crue Pet Life Receivable for A Shaddy	1,053.00			1,053.00
Crue Pet Life Receivable for Overweight Fine	304.60			304.60
Crue Pet Life for Shipping Error	710.40			710.40
Period 5 - Feb 2002	29,012.50	0.00	(5,000.00)	24,012.50
Crue Pet Life IRI Receivable	5,000.00		(5,000.00)	0.00
Crue Pet Life Receivable for M Levin	16,944.50			16,944.50
Crue Pet Life Receivable for A Shaddy	1,053.00			1,053.00
Crue Pet Life Receivable for Overweight Fine	304.60			304.60
Crue Pet Life for Shipping Error	710.40			710.40
Crue Pet Life Receivable on Winn Dixie	0.00	284,292.03		284,292.03
Crue Pet Life Royalty Nov 01 - Feb 02	0.00	27,433.40		27,433.40
Period 6 - Mar 2002	24,012.50	311,725.43	(5,000.00)	330,737.93
Subtotal Receivables from Pet Life in Misc A/R		368,806.21	(38,068.28)	440,843.71
Other Receivables & Deductions				
Partan Stores Paid Pet Life for our Invoices			(2,046.22)	
Pricing Deduction on Pet Life Invoice 53207 of 4/10/02			(3,399.20)	
Port Shipped on Pet Life Invoice 52782 of 3/11/02			(1,800.00)	
Payment from Albertsons went to Pet Life for our Invoices	4,198.37			
Payment from Nash Finch went to Pet Life for our Invoices	1,690.00			
Mathers Travel to Chicago - LaSalle Business Corp	1,666.00			
Town Travel to Chicago - LaSalle Business Corp	1,683.50			S 000096
Avid Sparks Travel	3,409.34			
Avid Sparks to Backer Show 4/10-4/15	1,200.88			
Total Receivables from Pet Life in Misc Recv	440,843.71	13,848.09	(7,245.42)	447,446.38

**EXHIBIT B
TRADEMARKS**

Mark	Application No.	Filing Date	Registration No.	Registration Date
PEOPLE CRACKERS			1,593,298 843,886	04/24/90 Mexico
LOLLI-PUPS			569,205	01/13/53
DOGGIE DONUTS			1,273,795	04/10/84
SAY CHEESE			848,256	Mexico
SIRLOINS	76/015,808	04/03/2000		
MUNCHEEZ BEEF AND CHEESE TREAT			2,084,349	07/29/97
SCHNITZEL SNACKS			1,691,000	06/02/92
STEAKHOUSE STRIPS	76/193,156	01/16/01		
NUTRI-DOG BARS	76/057,760	05/26/2000		
SEASON'S TREATINGS	76/073,539	06/19/2000		
DOG NOG	76/071,358	06/16/2000		
BEER BONES	76/073,519	06/19/2000		
NUTRI-CAT	76/146,796	10/16/2000		
TREAT-TABS	76/146,794	10/16/2000		
DENTA FRESH	76/084,356	07/07/2000		
DENTAPLUS	76/234,574	04/02/01		
ON POINT	76/100,352	05/08/2000		
CATNIPTIONS	76/146,795	10/16/2000		
TROPICAL TREATS	76/193,155	01/16/01		
IT'S A DOG'S LIFE	76/001,573	03/16/2000		
LICKS & KISSES	76/015,809	04/03/2000		
PURRSCRIPTIONS	76/146,793	10/16/2000		
PURRSUASIONS	76/146,792	10/16/2000		
PURRS	76/146,791	10/16/2000		
PURRSONALS	76/146,790	10/16/2000		
CHEESEWICHES	76/175,987	12/05/2000		
TREATWICHES	76/175,986	12/05/2000		
CAT LIFE			1,594,475	05/01/90
BURGLAR CONFIGURATION			1,657,561	09/17/91
DOG CATCHER CONFIGURATION			1,651,611	07/23/91
MAILMAN CONFIGURATION			1,667,782	10/10/91
MILK MAN CONFIGURATION			1,651,612	07/23/91
POLICEMAN CONFIGURATION			1,649,626	07/02/91
TREATERS			1,461,227	10/13/87
DOG LIFE AND DESIGN			577,878	07/28/53
DOG LIFE TASTY VITTLES AND DESIGN			748,854	04/30/63

Mark	Application No.	Filing Date	Registration No.	Registration Date
DOGGIE DOGS			1,438,257	04/28/87
DOGGIE FRANKS			1,438,258	04/28/87
HI-LIFE AND DESIGN			389,548	08/12/41
LOLLI-PUPS CANADA			209,689	09/26/75
LOLLI-PUPS AND DESIGN			569,205	01/13/57
MY DOGGIES BAG			1,460,847	10/13/87
PEOPLE CRACKERS (MEXICO)			552,254	Not Available
TRAIL CALL			889,124	04/07/70
DOG HEAD LOGO			1,882,414	03/07/95
CAT HEAD LOGO			1,859,904	
HI-LIFE			1,878,815	02/14/95
FANTASY			1,508,487	10/25/94
LOVE MY CAT			1,422,199	12/23/86
ME & MY CAT			1,461,218	10/13/87
ME & MY DOG			1,393,471	05/13/86
PICK-OF-THE-LITTER			1,476,130	02/09/88
TRAINING WHEELS			1,839,060	06/07/94